

EXECUTIVE SECRETARIAT

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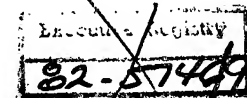
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Remarks:

[Signature]
Executive Secretary
12/16/82
Date

NSC review completed.

3637 (10-81)

*Mr. Casey***SECRET****SYSTEM II
91027 add-on****DEC 15 7 18 PM '82****December 15, 1982****MEMORANDUM FOR:**

Mr. Donald P. Gregg
Assistant to the Vice President for
National Security Affairs

Mr. L. Paul Bremer, III
Executive Secretary
Department of State

Mr. David Pickford
Executive Secretary
Department of the Treasury

Lieutenant Colonel W. Richard Higgins
Assistant for Interagency Matters
Office of the Secretary of Defense

Mr. Raymond Lett
Executive Assistant to the Secretary
Department of Commerce

Dr. Alton Keel
Associate Director for National
Security and International Affairs
Office of Management and Budget

Mr. Thomas B. Cormack
Executive Secretary
Central Intelligence Agency

Ms. Jackie Tillman
Executive Assistant to the
United States Representative to
the United Nations
Department of State

Colonel George A. Joulwan
Executive Assistant to the
Chairman, Joint Chiefs of
Staff

Mr. Joseph Presel
Executive Secretary
Arms Control and Disarmament Agency

Ms. Teresa Collins
Chief, Secretariat Staff
Executive Secretariat
United States Information Agency

**SUBJECT: NSSD 11-82: NSC Meeting to Review Draft NSDD
Thursday, December 16, 1982 2:00 p.m.
The Cabinet Room (S)**

In the draft which was distributed to you via my memo of December 14, Agriculture's dissent was not noted: we learned of it only subsequently. You may wish to make this addition to the respective footnotes on pages 2 and 2a of the draft NSDD. Copies of the revised pages are attached for substitution purposes. (S)

Dona Moore for
Michael O. Wheeler
Staff Secretary

Attachment: New pages 2 and 2a with changed footnote.

**SECRET
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*L118
NSSD 11-82*

SECRET/SENSITIVE

-2-

Shaping the Soviet Environment: Arenas of Engagement

Implementation of U.S. policy must focus on shaping the environment in which Soviet decisions are made both in a wide variety of functional and geopolitical arenas and in the U.S.-Soviet bilateral relationship.

A. Functional

1. Military Strategy: The U.S. must modernize its military forces -- both nuclear and conventional -- so that Soviet leaders perceive that the U.S. is determined never to accept a second place or a deteriorating military posture. Soviet calculations of possible war outcomes under any contingency must always result in outcomes so unfavorable to the USSR that there would be no incentive for Soviet leaders to initiate an attack. The future strength of U.S. military capabilities must be assured. U.S. military technology advances must be exploited, while controls over transfer of military related/dual-use technology, products, and services must be tightened.

In Europe, the Soviet must be faced with a reinvigorated NATO. Worldwide, U.S. general purpose forces must be strong and flexible enough to affect Soviet calculations in a wide variety of contingencies. In the Third World, Moscow must know that areas of interest to the U.S. cannot be attacked or threatened without risk of serious U.S. military countermeasures.

2. Economic Policy: U.S. policy on economic relations with the USSR must serve strategic and foreign policy goals as well as economic interests. In this context, U.S. objectives are:

- Above all, to ensure that East-West economic relations do not facilitate the Soviet military buildup. This requires prevention of the transfer of critical technology and equipment that would make a substantial contribution directly or indirectly to Soviet military power.
- To induce the USSR to shift capital and resources from the defense sector to capital investments and consumer goods.*
- To avoid subsidizing the Soviet economy or unduly easing the burden of Soviet resource allocation decisions, so as not to dilute pressures for structural change in the Soviet system.
- To seek to minimize the potential for Soviet exercise of reverse leverage on Western countries based on trade, energy supply, and financial relationships.

* The Departments of State, Treasury and Agriculture object to this statement and would like it removed.

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-2a-

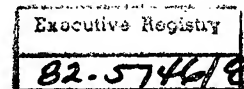
- To refrain from assisting the Soviet Union with developing natural resources with which to earn, at minimal cost to itself, hard currency.*
- To permit mutually beneficial trade -- without Western subsidization or the creation of Western dependence -- with the USSR in non-strategic areas, such as grains.

The U.S. must exercise strong leadership with its Allies and others to develop a common understanding of the strategic implications of East-West trade, building upon the agreement announced November 13, 1982. This approach should involve efforts to reach agreements with the Allies on specific measures, such as: (a) Enhanced COCOM controls on the flow of critical and certain

* D

* The Departments of State, Treasury, Agriculture and Commerce object to this sentence and would like it removed.

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SECRETSYSTEM II
91027NATIONAL SECURITY COUNCIL
W. S. 107000, D.C. 20503
December 14, 1982

MEMORANDUM FOR:

Mr. Donald P. Gregg
Assistant to the Vice President for
National Security Affairs

Mr. L. Paul Bremer, III
Executive Secretary
Department of State

Mr. David Pickford
Executive Secretary
Department of the Treasury

Lieutenant Colonel W. Richard Higgins
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Executive Secretariat
United States Information Agency

SUBJECT: NSSD 11-82: NSC Meeting to Review Draft NSDD
Thursday, December 16, 1982 - 2:00 p.m. -
The Cabinet Room (S)

Attached is the background paper to be discussed at the NSC
meeting on Thursday, December 16 on U.S. policy toward the
Soviet Union. (S)

Michael O. Wheeler

Michael O. Wheeler
Staff Secretary

Attachments:

Draft NSDD and supporting materials.

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Declassify on: OADR



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NSSD 11-82

SECRET/SENSITIVE

Proposed National Security Decision
Directive Number _____

U.S. RELATIONS WITH THE USSR

U.S. policy toward the Soviet Union will consist of three elements: external resistance to Soviet imperialism; internal pressure on the USSR to weaken the sources of Soviet imperialism; and negotiations to eliminate, on the basis of strict reciprocity, outstanding disagreements. Specifically, U.S. tasks are:

1. To contain and over time reverse Soviet expansionism by competing effectively on a sustained basis with the Soviet Union in all international arenas -- particularly in the overall military balance and in geographical regions of priority concern to the United States. This will remain the primary focus of U.S. policy toward the USSR.
2. To promote, within the narrow limits available to us, the process of change in the Soviet Union toward a more pluralistic political and economic system in which the power of the privileged ruling elite is gradually reduced. The U.S. recognizes that Soviet aggressiveness has deep roots in the internal system, and that relations with the USSR should therefore take into account whether or not they help to strengthen this system and its capacity to engage in aggression.
3. To engage the Soviet Union in negotiations to attempt to reach agreements which protect and enhance U.S. interests and which are consistent with the principle of strict reciprocity and mutual interest. This is important when the Soviet Union is in the midst of a process of political succession.

In order to implement this threefold strategy, the U.S. must convey clearly to Moscow that unacceptable behavior will incur costs that would outweigh any gains. At the same time, the U.S. must make clear to the Soviets that genuine restraint in their behavior would create the possibility of an East-West relationship that might bring important benefits for the Soviet Union. It is particularly important that this message be conveyed clearly during the succession period, since this may be a particularly opportune time for external forces to affect the policies of Brezhnev's successors.

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DECL: OADR